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# NEWSLETTER

**Vol. XV No. 9**
**September 1991**

## Unemployment Rate

Seasonally Adjusted
July*

| | | |
|---|---|---|
| ARIZONA | – | 4.9% |
| Maricopa Co. | – | 4.4 |
| Pima Co. | – | 3.4 |
| United States | – | 6.8 |

## Consumer Price Index

U.S. -- July 1991
Base = 1982-84

| | | |
|---|---|---|
| Wage Earner/Clerical Worker | – | 134.3 |
| % Chg. Year Ago | – | 4.4 |
| All Urban | – | 136.2 |
| % Chg. Year Ago | – | 4.4 |

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Phoenix – 2nd Qtr 1991
Base = 1982-84

| | | |
|---|---|---|
| All Urban | – | 136.3 |
| % Chg. Year Ago | – | 3.4 |

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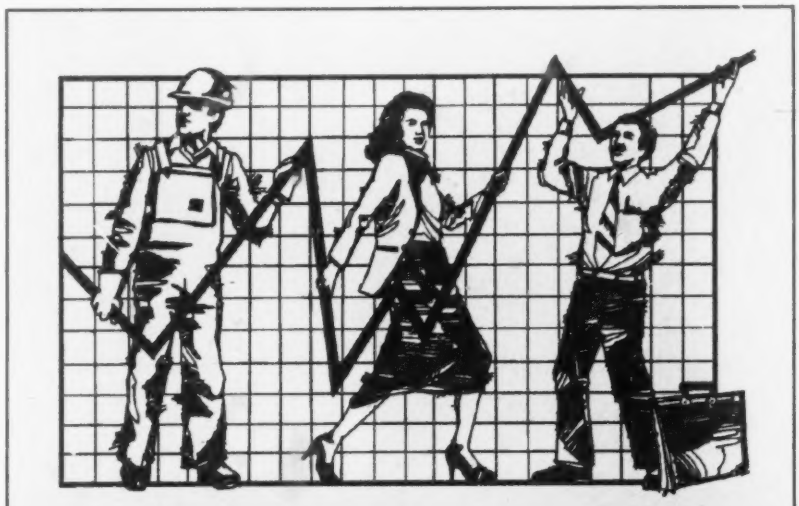
Tucson CPI No Longer Available (see May 1991 *Arizona LMI Newsletter*)

* Preliminary



# *Forecast Update*

'91-'92

## *Research Administration Issues Revised Two-Year Employment Projections*

**Inside This Issue** — **Page**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**Arizona Department of Economic Security**
**— Moving People Toward Self-Sufficiency**

# State's Dry Spell for Job Growth Should End in '92

*Note: The updated 1991-92 economic forecast for Arizona and its major substate areas was prepared prior to the release of revised U.S. Gross National Product (GNP) data in late August, which showed a drop in GNP of 0.1 percent in the second quarter of 1991 instead of a gain of 0.4 percent, as preliminary figures in July had indicated. Due to mid-August deadlines for a press release and this newsletter, assumptions made about employment and other economic data for this forecast were based on earlier GNP figures. The following article represents our view of Arizona's economy at that point in time.*

Preliminary data on U.S. gross national product (GNP) released in July indicate that the national economy began a modest recovery in the second quarter of 1991. After a two-quarter decline in GNP, revitalized spending by consumers led to second-quarter real GNP growth of 0.4 percent on an annualized basis.

While some economists are pessimistic about a recovery, most do not believe the country will head back into recession anytime soon. The Arizona Department of Economic Security's Research Administration also believes the national recession has run its course and, as part of its updated employment forecast, anticipates growth in Arizona's total wage and salary employment to bottom out in 1991, before returning to near-normal levels in 1992.

Preliminary wage and salary employment figures for the first half of 1991 show Arizona's rate of job growth was 1.9 percent for the June 1990 to June 1991 period. This compares to a rate of 2.6 percent for the year ended June 1990.

The slowdown in the state's job growth can be attributed to the national recession. Declines in real defense spending, a credit crunch, and a slowdown in consumer spending all contributed to subdued growth in Arizona. Because of these recessionary effects, Arizona's rate of job growth this year will end up being the slowest since 1982 when wage and salary employment fell 1.1 percent.

**Arizona**

Research Administration's updated forecast for 1991 calls for job growth to bottom out at 1.7 percent (25,900 jobs). The Arizona economy should then pick up steam in 1992 — due to expected improvement in the national economy — growing at a rate of 3.1 percent (46,600 jobs).

The forecast for the remainder of 1991 calls for a general weakness in all of Arizona's industries with construction, manufacturing, and TCPU (transportation, communications, and public utilities) bearing the brunt of the slowdown. Then, as the nation's economy picks up speed in 1992, so should Arizona's; with the exception of the state's construction and manufacturing sectors, which are still expected to experience below-average job growth.

Services, which accounts for more than one-quarter of Arizona's wage and salary positions, continues to be a stellar performer in terms of job creation and the rate of growth. Business services and health services led the way in 1990, creating 17,900 additional jobs (4.6 percent growth).

Services is not immune to a slower national economy, but is expected to expand a respectable 3.5 percent in 1991, creating 14,200 more jobs. Growth in services is forecast to pick up in 1992, averaging 3.7 percent with the addition of 15,400 jobs.

Arizona's government sector (federal, state, and local) also experienced strong growth in 1990, adding 11,200 jobs (4.5 percent growth). Particularly strong were the federal and school sectors. While schools should continue to exhibit strength the rest of the year, the federal sector will likely experience much slower growth.

Government is forecast to create 8,200 additional jobs, growing at a rate of 3.2 percent in 1991. The outlook should be better for 1992 with 9,700 jobs being created and growth pegged at 3.6 percent.

Trade began to exhibit signs of weakness in 1990, growing a scant 1.6 percent (5,900 jobs). The fallout in food stores hit both convenience stores and regional grocery chains, but overall sector growth was still positive. Automotive and service-station employment actually contracted as did that of the catch-all sector of "other retail."

## *Key Indicators Used to Forecast State's Outlook*

Each year, the Department of Economic Security, Research Administration (RA) issues a two-year forecast of labor force and wage and salary employment for the state and its three major substate regions — Maricopa, Pima, and the nonmetropolitan counties — which is published in the March issue of the *Arizona Labor Market Information Newsletter*. Six months later, the forecasts are updated to reflect new economic data and assumptions, then detailed in the September *Arizona LMI Newsletter*.

RA's employment forecasts are based upon assumptions made about key indicators (e.g., inflation, interest rates) and how they relate to the nation's and Arizona's economy. National economic variables and underlying assumptions derived by The WEFA Group (formerly Wharton Econometric Forecasting Associates) are instrumental in developingArizona's economic forecast and are major components of the Arizona Employment Forecasting Model (AEFM).

The AEFM is a 250-equation econometric model that simulates

*(Continued on page 12)*

Despite 1990's poor performance, trade is forecast to add 8,600 jobs (2.3 percent growth) in 1991. Growth in 1992 should be even better with trade expected to expand 3.3 percent (12,400 positions). Expectations of restored consumer confidence, a rebound in tourist activity, new business openings, and the lack of further declines in major subindustries all contribute to trade's outlook.

FIRE (finance, insurance, and real estate) rebounded in 1990 after two years on the down side. FIRE is forecast to hold its own in the near-term as additions in the credit-card servicing and mortgage-refinance businesses should help to offset losses in general banking and savings and loans.

FIRE is expected to create 2,100 jobs in 1991, growing at a rate of 2.2 percent, about the same as in 1990. In 1992, growth should accelerate to 3.5 percent (3,400 jobs), more consistent with population growth.

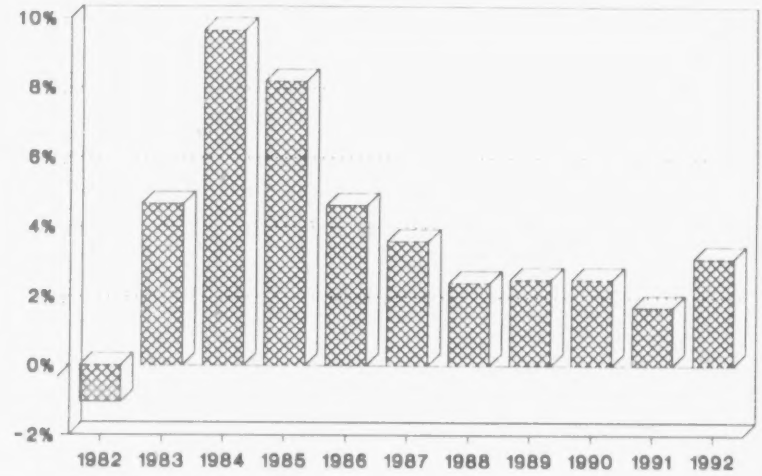
TCPU had a banner year in 1990 with the addition of 5,100 jobs and growth averaging 6.6 percent. Expansion among air carriers doing business in Arizona was responsible for almost all of these gains.

The forecast for 1991 calls for a sizable slowdown in TCPU employment growth to 0.1 percent (100 jobs), but job growth will likely pick up to 2.3 percent (1,900 jobs) in 1992. This forecast takes into consideration the problems air carriers are experiencing both locally and nationwide as well as difficulties particular to Arizona's electricity-generating public utilities.

The mining industry continued to create jobs in 1990. Stable copper prices will ensure expansion in the near-term with the mining industry expected to grow 5.6 percent (700 jobs) in 1991. Growth in mining employment is forecast to slow in 1992 to 2.3 percent (300 jobs).

Manufacturing employment declined 1.5 percent, or 2,800 jobs, in 1990. In line with national trends, durable-goods manufacturing (especially lumber and wood, aggregates, primary metals, and machinery) were hit the hardest. However, non-durable goods also had a poor showing.

**Figure 1. Arizona Wage and Salary Employment Growth Rates, Actual (1982-90) and Projected**




*Source: Arizona Department of Economic Security, Research Administration, August 1991*

**Table 1. Arizona Labor Force and Employment Data, Actual (1990) and Projected (1991-92) (Annual Averages, In Thousands)**

| | 1990 | Growth Rate | 1991 | Growth Rate | 1992 | Growth Rate |
|---|---|---|---|---|---|---|
| Labor Force | 1,726.0 | 1.2% | 1,737.6 | 0.7% | 1,790.4 | 3.0% |
| Unemployment | 92.0 | 3.4% | 93.2 | 1.3% | 98.2 | 5.4% |
| Unemployment rate | 5.3% | | 5.4% | | 5.5% | |
| Total Employment | 1,634.0 | 1.1% | 1,644.4 | 0.6% | 1,692.2 | 2.9% |
| Total Wage and Salary Employment | 1,490.9 | 2.5% | 1,516.8 | 1.7% | 1,563.4 | 3.1% |
| Manufacturing | 185.4 | -1.5% | 181.0 | -2.4% | 183.0 | 1.1% |
| Mining | 12.4 | 1.6% | 13.1 | 5.6% | 13.4 | 2.3% |
| Construction | 82.8 | -3.5% | 79.1 | -4.5% | 80.6 | 1.9% |
| TCPU* | 81.9 | 6.6% | 82.0 | 0.1% | 83.9 | 2.3% |
| Trade | 370.3 | 1.6% | 378.9 | 2.3% | 391.3 | 3.3% |
| FIRE* | 94.6 | 2.2% | 96.7 | 2.2% | 100.1 | 3.5% |
| Services | 406.0 | 4.6% | 420.2 | 3.5% | 435.6 | 3.7% |
| Government | 257.6 | 4.5% | 265.8 | 3.2% | 275.5 | 3.6% |

* See Figure 2

Note: Totals may not add due to rounding

*Source: Arizona Department of Economic Security, Research Administration, August 1991*

In 1991, manufacturing is expected to continue to flounder with the loss of 4,400 jobs, or a decline of 2.4 percent. Growth should be positive in 1992 with the addition of 2,000 jobs (1.1 percent growth).

The construction industry still remains plagued by structural problems of a nature that will not be remedied any time soon. Although Arizona's population is expanding and interest rates have recently taken favorable swings, these factors are not enough to offset oversupply conditions that exist in almost all sectors of real estate.

A 3.5 percent decline in construction employment in 1990 represented the fourth-straight year of losses that cumulatively amount to more than 30,000 jobs. For 1991, a contraction of 4.5 percent, or a loss of 3,700 jobs, is forecast. Nominal expansion of 1.9 percent, or 2,000 jobs, is expected in 1992.

Finally, Arizona's seasonally adjusted unemployment rate is expected to creep up in 1991 and 1992 with total unemployment growing at a slightly faster pace than total employment in both years. The seasonally adjusted jobless rate should average 5.4 percent in 1991 and 5.5 percent in 1992. The state's unemployment rate averaged 5.3 percent this past year.

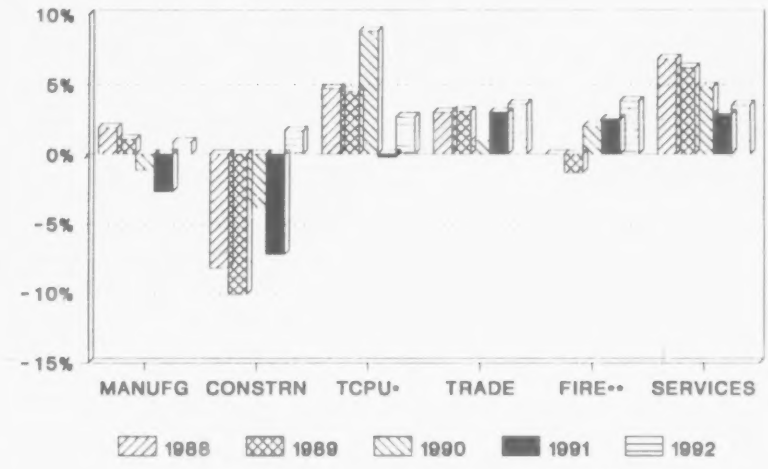
Overall, Arizona's economic outlook remains positive for the next two years. Despite the effects of a national recession, Arizona's economy should continue to expand. However, further external shocks to an already weak economy might derail the state's expected recovery.

### Maricopa County

The updated forecast for Maricopa County calls for slower wage and salary growth in 1991 than originally forecast with slightly stronger growth predicted for 1992. Manufacturing, construction, and TCPU are all expected to grow at a slower pace in 1991 than originally forecast in February.

Manufacturing has been hurt by a cutback in consumer spending that continues to plague the Arizona and national

**Figure 2. Maricopa County Employment Growth Rates, In Selected Industries, Actual (1988-1990) and Projected (1991-92)**




*TCPU = TRANSPORTATION, COMMUNICATIONS, AND PUBLIC UTILITIES
**FIRE = FINANCE, INSURANCE, AND REAL ESTATE

*Source: Arizona Department of Economic Security, Research Administration, August 1991*

**Table 2. Maricopa County Labor Force and Employment Data, Actual (1990) and Projected (1991-92) (Annual Averages, In Thousands)**

| | 1990 | Growth Rate | 1991 | Growth Rate | 1992 | Growth Rate |
|---|---|---|---|---|---|---|
| Labor Force | 1,074.5 | 1.3% | 1,080.0 | 0.5% | 1,114.6 | 3.2% |
| Unemployment | 46.4 | 2.2% | 48.7 | 5.0% | 51.0 | 4.7% |
| Unemployment rate | 4.3% | | 4.5% | | 4.6% | |
| Total Employment | 1,028.1 | 1.3% | 1,031.3 | 0.3% | 1,063.6 | 3.1% |
| Total Wage and Salary Employment | 985.6 | 2.5% | 1,000.1 | 1.5% | 1,031.9 | 3.2% |
| Manufacturing | 138.2 | -1.1% | 134.5 | -2.7% | 135.7 | 0.9% |
| Mining | 0.8 | 0.0% | 0.7 | -12.5% | 0.7 | 0.0% |
| Construction | 55.5 | -3.8% | 51.5 | -7.2% | 52.4 | 1.7% |
| TCPU* | 58.4 | 8.8% | 58.3 | -0.2% | 59.9 | 2.7% |
| Trade | 248.2 | 1.0% | 255.6 | 3.0% | 264.9 | 3.6% |
| FIRE* | 75.4 | 2.0% | 77.3 | 2.5% | 80.2 | 3.8% |
| Services | 275.9 | 4.8% | 283.9 | 2.9% | 293.9 | 3.5% |
| Government | 133.3 | 5.1% | 138.2 | 3.7% | 144.1 | 4.3% |

* See Figure 2

Note: Totals may not add due to rounding

*Source: Arizona Department of Economic Security, Research Administration, August 1991*

economies. Fears of a dip back into recession may be most responsible, as consumers wait to make major purchases — automobiles, appliances, furniture — until they are certain the economy has recovered.

Meanwhile, the construction industry is still being hurt by structural problems that have led to an oversupply of both commercial and residential real estate in Maricopa County. A monetary policy geared toward the reduction of inflation has led to tight credit policies that have also slowed new construction. Also, employment in TCPU has slowed as a result of the much publicized problems with America West Airlines and cutbacks at Arizona's electricity-generating public utilities.

The updated forecast for 1991 calls for manufacturing and TCPU, which originally were forecast to have positive rates of growth in 1991 (0.7 and 1.9 percent, respectively) to have losses this year of 2.7 and 0.2 percent. Construction is also expected to be worse off than earlier forecast (-2.2 percent growth) with an employment slide of 7.2 percent.

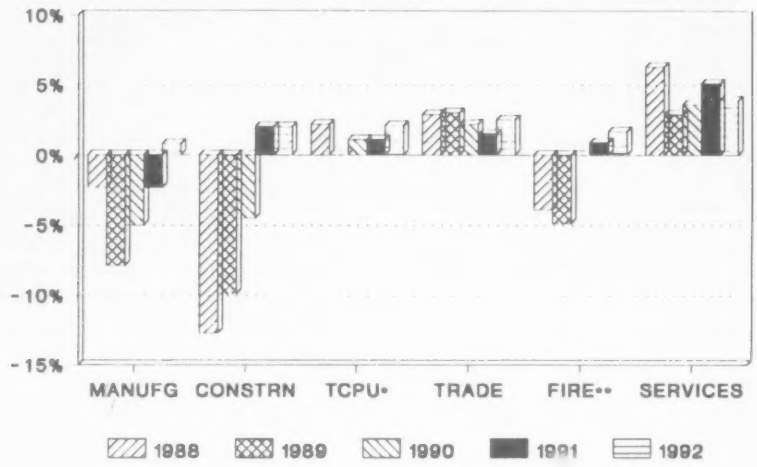
For 1992, manufacturing employment growth should remain slow (0.9 percent) while construction and TCPU are expected to show modest improvements. Construction is expected to grow at a rate of 1.7 percent in 1992 with TCPU coming in at 2.7 percent. Trade and government are likely to show the most improvement with forecast growth rates next year of 3.6 percent and 4.3 percent, respectively.

Finally, the 1991 unemployment rate for Maricopa County should come in lower than originally forecast due to slower growth in total employment and much slower growth in total unemployment. The seasonally adjusted unemployment rate for Maricopa County is expected to average 4.5 percent this year, revised downward from 4.9 percent, with the rate for 1992 still pegged at 4.6 percent.

### Pima County

The updated forecast for Pima County calls for moderate wage and salary growth through 1992. An additional 1,900 jobs

**Figure 3. Pima County Employment Growth Rates, In Selected Industries, Actual (1988-90) and Projected (1991-92)**




*TCPU = TRANSPORTATION, COMMUNICATIONS, AND PUBLIC UTILITIES
**FIRE = FINANCE, INSURANCE, AND REAL ESTATE

*Source: Arizona Department of Economic Security, Research Administration, August 1991*

**Table 3. Pima County Labor Force and Employment Data, Actual (1990) and Projected (1991-92) (Annual Averages, In Thousands)**

| | 1990 | Growth Rate | 1991 | Growth Rate | 1992 | Growth Rate |
|---|---|---|---|---|---|---|
| Labor Force | 313.7 | -0.7% | 318.7 | 1.6% | 331.2 | 3.9% |
| Unemployment | 12.9 | -8.5% | 11.1 | -14.0% | 12.3 | 10.8% |
| Unemployment rate | 4.1% | | 3.5% | | 3.7% | |
| Total Employment | 300.8 | -0.4% | 307.6 | 2.3% | 318.8 | 3.6% |
| Total Wage and Salary Employment | 253.9 | 1.5% | 260.4 | 2.6% | 268.1 | 3.0% |
| Manufacturing | 26.5 | -5.0% | 25.9 | -2.3% | 26.1 | 0.8% |
| Mining | 2.2 | 4.8% | 2.4 | 9.1% | 2.5 | 4.2% |
| Construction | 14.8 | -4.5% | 15.1 | 2.0% | 15.4 | 2.0% |
| TCPU* | 9.5 | 1.1% | 9.6 | 1.1% | 9.8 | 2.1% |
| Trade | 60.2 | 2.2% | 61.1 | 1.5% | 62.6 | 2.5% |
| FIRE* | 11.7 | 0.0% | 11.8 | 0.9% | 12.0 | 1.7% |
| Services | 74.0 | 3.6% | 77.8 | 5.1% | 80.8 | 3.9% |
| Government | 55.1 | 3.4% | 56.8 | 3.1% | 58.8 | 3.5% |

* See Figure 3

Note: Totals may not add due to rounding

*Source: Arizona Department of Economic Security, Research Administration, August 1991*

are expected to be created in 1991 and 3,000 in 1992.

Services are expected to lead all major industry groups — up an additional 1,300 positions in both forecast years — with the catchall sector of "other services" providing most of the gains. The construction industry in Pima County is also expected to rebound with an additional 700 jobs expected this year and 900 in 1992. Trade and FIRE are expected to perform at a reduced pace in both forecast years.

The rate of growth in the number of unemployed in Pima County has dropped sharply in the first half of 1991 and, as a result, Research Administration is revising downward its forecasted 1991 unemployment rate for Pima County to 3.5 percent from 4.6 percent. In 1992, Pima County's unemployment rate is expected to edge up to 3.7 percent.

### Non-metropolitan Counties

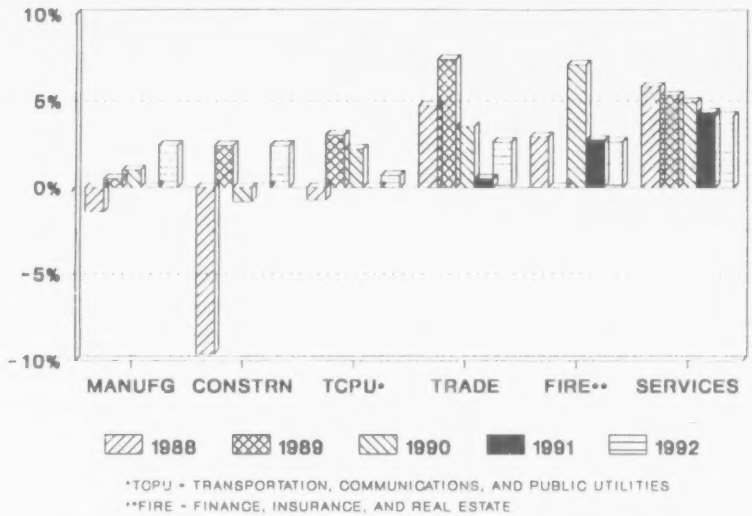
The revised forecast for Arizona's non-metropolitan counties calls for slower wage and salary employment growth in 1991 and 1992 than earlier forecasted. Payroll employment is expected to come in at 2.0 percent in 1991 and 2.7 percent in 1992, which translates into 2,400 fewer wage and salary positions than earlier predicted for this year and 4,600 fewer payroll jobs for 1992.

The revised outlook for 1991 calls for trade to add 300 jobs, 1,600 fewer than earlier forecast, while manufacturing employment is now forecast to remain at 1990 levels. Services and government are now expected to add a combined 4,000 positions.

In 1992, all major industry groups in Arizona's rural counties, except services, are expected to grow slower than previously forecasted. Trade and government should slow the most in 1992 with growth rates of 2.6 and 2.5 percent, respectively, down 0.2 percent from the February forecast.

*—Dennis Doby*
*RA Economist*

**Figure 4. Non-metropolitan Counties Employment Growth Rates, In Selected Industries, Actual (1988-90) and Projected (1991-92)**




*Source: Arizona Department of Economic Security, Research Administration, August 1991*

**Table 4. Non-metropolitan Counties Labor Force and Employment Data, Actual (1990) and Projected (1991-92) (Annual Averages, In Thousands)**

| | 1990 | Growth Rate | 1991 | Growth Rate | 1992 | Growth Rate |
|---|---|---|---|---|---|---|
| Labor Force | 337.8 | 2.6% | 338.8 | 0.3% | 344.7 | 1.7% |
| Unemployment | 32.7 | 10.8% | 33.4 | 2.1% | 34.9 | 4.5% |
| Unemployment rate | 9.7% | | 9.9% | | 10.1% | |
| Total Employment | 305.1 | 1.8% | 305.5 | 0.1% | 309.8 | 1.4% |
| Total Wage and Salary Employment | 251.4 | 3.5% | 256.4 | 2.0% | 263.3 | 2.7% |
| Manufacturing | 20.7 | 1.0% | 20.7 | 0.0% | 21.2 | 2.4% |
| Mining | 9.4 | 1.1% | 10.0 | 6.4% | 10.1 | 1.0% |
| Construction | 12.5 | -0.8% | 12.5 | 0.0% | 12.8 | 2.4% |
| TCPU* | 14.0 | 2.2% | 14.0 | 0.0% | 14.1 | 0.7% |
| Trade | 61.9 | 3.5% | 62.2 | 0.5% | 63.8 | 2.6% |
| FIRE* | 7.5 | 7.1% | 7.7 | 2.7% | 7.9 | 2.6% |
| Services | 56.1 | 4.9% | 58.5 | 4.3% | 60.9 | 4.1% |
| Government | 69.2 | 4.4% | 70.8 | 2.3% | 72.6 | 2.5% |

* See Figure 4

Note: Totals may not add due to rounding

*Source: Arizona Department of Economic Security, Research Administration, August 1991*

# The Arizona Labor Force in July

Arizona total unemployment rose marginally (1,400) in July, helping raise the state's seasonally adjusted unemployment rate a tenth of a point to 4.9 percent. The metropolitan areas of Phoenix and Tucson had similar marginal increases. Unemployment rates rose in six and fell in six of the rural counties.

Both Arizona residence-based total employment and establishment-based wage and salary employment decreased by amounts close to the seasonal norm. Total employment declined 13,600 and wage and salary employment fell 17,600.

The government sector was most responsible for the seasonal decline, losing 12,200 jobs. As in June, the lion's share of the drop was in schools. Normal summer decreases in school staffing and work-study programs caused the decline.

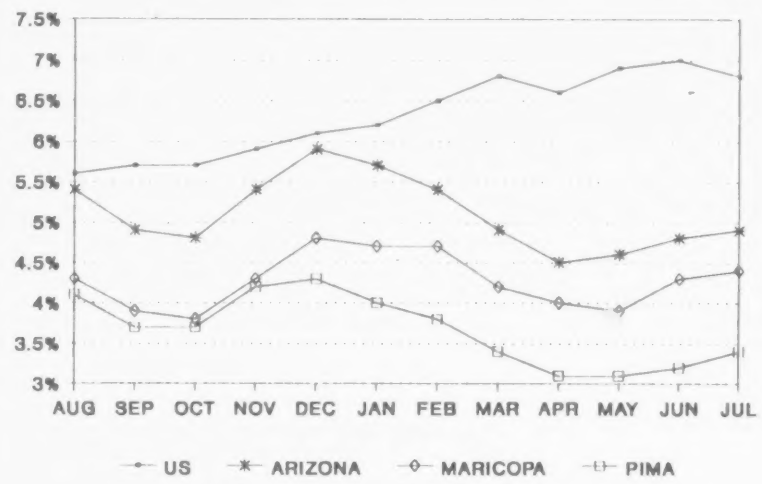
The most positive news from the July statistics was yet another greater-than-seasonal increase in construction employment. Construction posted a gain of 800 jobs when increases of 300 have been average in July over the last 10 years.

July was the fifth-consecutive month for construction employment gains, although total construction jobs were still down 4,300, or 5.0 percent from a year ago. All of the job gains were in the metropolitan Phoenix and Tucson areas with eight out of 10 in the Phoenix area.

Continued easing of interest rates by the Federal Reserve will help sustain gains in construction jobs. But perennially high vacancy rates among existing multi-family dwellings — as well as among office, retail, and industrial facilities — will constrain growth below any rates that might resemble a boom.

Other positive news came from the business-services and health-services components of the services industry. Business services added 1,500 jobs — nearly twice its normal seasonal amount — while health services added 300 jobs when the July norm is a loss of 100.

**Figure 1. U.S., Arizona, Maricopa County, and Pima County Unemployment Rates, August 1990–July 1991**




*Source: U.S. Department of Labor, Bureau of Labor Statistics; and Arizona Department of Economic Security, Research Administration, August 1991*

Unfortunately, lodging services had greater-than-seasonal losses (-1,800 when -1,400 is average), so the overall services sector posted a seasonally-average net loss of 1,700 jobs. Positive growth, however, can be expected to return to the services sector, the state's major economic engine, in the fall.

**Improved Business Services Good Sign**

The improvement in business services may be evidence that the national recession's lagged effects in Arizona will soon be over. Business services is dominated by temporary-help services firms, and just as temporary help is the first to be let go during a downturn, it is often the first to be hired when the economy improves.

Trade posted its fourth month of decline, but dropped only 3,200 jobs, more than a thousand fewer than average in July. Although consumer confidence in the recovery is still weak, trade should begin growing again in August as family needs for back-to-school supplies and clothing draw them out to the shopping malls.

Despite rampant publicity of impending layoffs by the Arizona air transportation industry, the state's transportation sector gained 100 jobs in July. Pima and the non-metropolitan counties carried the industry to the positive side of the ledger in spite of losses (-300) in Maricopa County. Publicly announced staffing of the new American Airlines reservations center in Tucson probably played a large part in sustaining transportation job growth for the third-consecutive month.

Continuing bad news in Arizona manufacturing, however, lends credence to the conclusion of many analysts that the nation's recovery will be weak. Losses of 1,300 Arizona manufacturing jobs in July resumed the downward trend interrupted in June when 300 jobs were added. Since July 1990, 7,000 manufacturing jobs have been lost, a decline of 3.8 percent.

A significant portion of Arizona's July manufacturing job loss was in the aircraft and missiles component (-500), which alone has lost 2,400 jobs over-the-year. Another 700 were lost in July by non-durable goods manufacturing.

*—Ron Simon*
*RA Economic Analysis Manager*

# Arizona Labor Force and Employment

## July 1991 (in Thousands)

| | ARIZONA | | | AMOUNT CHANGE | | MARICOPA COUNTY | | | AMOUNT CHANGE | | PIMA COUNTY | | | AMOUNT CHANGE | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Jul.* 1991 | Jun.** 1991 | Jul. 1990 | Jun. - Jul. | 1990 - 1991 | Jul.* 1991 | Jun.** 1991 | Jul. 1990 | Jun. - Jul. | 1990 - 1991 | Jul.* 1991 | Jun.** 1991 | Jul. 1990 | Jun. - Jul. | 1990 - 1991 |
| TOTAL CIVILIAN LABOR FORCE*** | 1716.7 | 1728.9 | 1727.2 | -12.2 | -10.5 | 1074.4 | 1082.6 | 1078.9 | -8.2 | -4.5 | 314.2 | 315.7 | 313.5 | -1.5 | 0.7 |
| **Total Unemployment** | 94.2 | 92.8 | 104.3 | 1.4 | -10.1 | 49.6 | 49.6 | 50.8 | 0.0 | -1.2 | 11.3 | 11.0 | 13.7 | 0.3 | -2.4 |
| **Unemployment Rate** | 5.5% | 5.4% | 6.0% | — | — | 4.6% | 4.6% | 4.7% | — | — | 3.6% | 3.5% | 4.4% | — | — |
| **Unemployment Rate (Sea. Adj.)**** | 4.9% | 4.8% | 5.4% | — | — | 4.4% | 4.3% | 4.5% | — | — | 3.4% | 3.2% | 4.2% | — | — |
| **Total Employment** | 1622.5 | 1636.1 | 1622.9 | -13.6 | -0.4 | 1024.8 | 1033.0 | 1028.1 | -8.2 | -3.3 | 302.9 | 304.7 | 299.8 | -1.8 | 3.1 |

Note: **Above labor force statistics should not be used for economic-assistance programs**

### NON-AGRICULTURAL WAGE AND SALARY EMPLOYMENT BY PLACE OF WORK

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| TOTAL WAGE AND SALARY | 1480.8 | 1498.4 | 1458.6 | -17.6 | 22.2 | 978.2 | 989.3 | 970.0 | -11.1 | 8.2 | 252.5 | 255.6 | 245.6 | -3.1 | 6.9 |
| **Manufacturing** | 178.9 | 180.2 | 185.9 | -1.3 | -7.0 | 132.7 | 133.8 | 139.0 | -1.1 | -6.3 | 25.7 | 25.9 | 26.5 | -0.2 | -0.8 |
| Durable Goods | 133.9 | 134.5 | 140.5 | -0.6 | -6.6 | 101.3 | 101.6 | 106.6 | -0.3 | -5.3 | 19.9 | 20.2 | 20.8 | -0.3 | -0.9 |
| Stone, Clay, and Glass | 6.3 | 6.4 | 6.7 | -0.1 | -0.4 | 3.5 | 3.6 | 3.9 | -0.1 | -0.4 | | | | | |
| Primary and Fabricated Metals | 14.1 | 14.0 | 14.0 | 0.1 | 0.1 | 9.6 | 9.5 | 9.5 | 0.1 | 0.1 | | | | | |
| Primary Metals | 6.1 | 6.1 | 6.0 | 0.0 | 0.1 | | | - | | | | | | | |
| Fabricated Metals | 8.0 | 7.9 | 8.0 | 0.1 | 0.0 | | | | | | | | | | |
| Machinery | 57.0 | 56.9 | 60.1 | 0.1 | -3.1 | 47.2 | 47.1 | 50.0 | 0.1 | -2.8 | | | | | |
| Aircraft and Missiles | 25.3 | 25.8 | 27.7 | -0.5 | -2.4 | | | | | | | | | | |
| Lumber and Wood Products (Excluding Furniture) | 6.5 | 6.4 | 6.8 | 0.1 | -0.3 | | | | | | | | | | |
| Nondurable Goods | 45.0 | 45.7 | 45.4 | -0.7 | -0.4 | 31.4 | 32.2 | 32.4 | -0.8 | -1.0 | 5.8 | 5.7 | 5.7 | 0.1 | 0.1 |
| Food and Kindred Products | 10.4 | 10.3 | 10.0 | 0.1 | 0.4 | 7.0 | 7.0 | 7.0 | 0.0 | 0.0 | | | | | |
| Printing and Publishing | 16.9 | 17.0 | 17.3 | -0.1 | -0.4 | 11.7 | 11.8 | 12.3 | -0.1 | -0.6 | | | | | |
| **Mining and Quarrying** | 13.1 | 13.1 | 12.1 | 0.0 | 1.0 | 0.7 | 0.7 | 0.8 | 0.0 | -0.1 | 2.4 | 2.3 | 2.2 | 0.1 | 0.2 |
| Copper Mining | 10.5 | 10.5 | 9.4 | 0.0 | 1.1 | | | | | | | | | | |
| **Construction** | 80.9 | 80.1 | 85.2 | 0.8 | -4.3 | 52.3 | 51.4 | 57.0 | 0.9 | -4.7 | 15.8 | 15.7 | 15.0 | 0.1 | 0.8 |
| **Trans., Communications, & Public Utilities** | 82.3 | 82.2 | 81.2 | 0.1 | 1.1 | 57.9 | 58.3 | 57.8 | -0.4 | 0.1 | 10.3 | 10.0 | 9.5 | 0.3 | 0.8 |
| Transportation | 47.6 | 47.5 | 45.0 | 0.1 | 2.6 | 35.1 | 35.4 | 33.6 | -0.3 | 1.5 | 5.8 | 5.5 | 4.9 | 0.3 | 0.9 |
| Communications and Public Utilities | 34.7 | 34.7 | 36.2 | 0.0 | -1.5 | 22.8 | 22.9 | 24.2 | -0.1 | -1.4 | 4.5 | 4.5 | 4.6 | 0.0 | -0.1 |
| **Trade** | 373.6 | 376.8 | 364.8 | -3.2 | 8.8 | 252.0 | 254.4 | 244.0 | -2.4 | 8.0 | 60.2 | 60.4 | 59.1 | -0.2 | 1.1 |
| Wholesale Trade | 76.1 | 76.8 | 74.3 | -0.7 | 1.8 | 61.5 | 61.8 | 60.2 | -0.3 | 1.3 | 7.4 | 7.5 | 7.4 | -0.1 | 0.0 |
| Retail Trade | 297.5 | 300.0 | 290.5 | -2.5 | 7.0 | 190.4 | 192.6 | 183.8 | -2.2 | 6.6 | 52.8 | 52.9 | 51.7 | -0.1 | 1.1 |
| General Merchandise and Apparel | 46.9 | 47.1 | 45.0 | -0.2 | 1.9 | 28.4 | 28.8 | 27.3 | -0.4 | 1.1 | 8.8 | 8.7 | 8.3 | 0.1 | 0.5 |
| Food Stores | 50.4 | 50.3 | 49.0 | 0.1 | 1.4 | 32.0 | 32.2 | 30.7 | -0.2 | 1.3 | 8.8 | 8.7 | 8.6 | 0.1 | 0.2 |
| Automotive and Service Stations | 35.0 | 34.9 | 35.0 | 0.1 | 0.0 | 21.9 | 21.9 | 21.7 | 0.0 | 0.2 | 5.7 | 5.6 | 5.7 | 0.1 | 0.0 |
| Eating and Drinking Places | 107.0 | 109.0 | 104.2 | -2.0 | 2.8 | 69.2 | 70.7 | 66.3 | -1.5 | 2.9 | 19.3 | 19.6 | 18.7 | -0.3 | 0.6 |
| **Finance, Insurance, and Real Estate** | 95.2 | 95.3 | 94.8 | -0.1 | 0.4 | 76.0 | 76.0 | 75.6 | 0.0 | 0.4 | 11.7 | 11.8 | 11.7 | -0.1 | 0.0 |
| **Services and Miscellaneous** | 419.3 | 421.0 | 406.1 | -1.7 | 13.2 | 282.2 | 283.9 | 274.5 | -1.7 | 7.7 | 77.7 | 77.7 | 73.7 | 0.0 | 4.0 |
| Hotels and Lodging Places | 42.3 | 44.1 | 42.1 | -1.8 | 0.2 | 25.3 | 26.9 | 25.1 | -1.6 | 0.2 | 6.1 | 6.3 | 5.9 | -0.2 | 0.2 |
| Business Services***** | 81.8 | 80.3 | 79.6 | 1.5 | 2.2 | 65.2 | 63.9 | 64.2 | 1.3 | 1.0 | 11.7 | 11.6 | 11.1 | 0.1 | 0.6 |
| Health Services | 104.6 | 104.3 | 101.4 | 0.3 | 3.2 | 67.6 | 67.3 | 66.1 | 0.3 | 1.5 | 23.0 | 22.9 | 21.7 | 0.1 | 1.3 |
| **Government** | 237.5 | 249.7 | 228.5 | -12.2 | 9.0 | 124.4 | 130.8 | 121.3 | -6.4 | 3.1 | 48.7 | 51.8 | 47.9 | -3.1 | 0.8 |
| Federal | 44.7 | 45.2 | 47.5 | -0.5 | -2.8 | | | | | | | | | | |

* Preliminary
** Revised
*** Adjusted to the Current Population Survey to reflect place of residence
**** Normal seasonal variations have been eliminated to reflect underlying economic trends
***** Business Services underwent a series break between December 1987 and January 1988

**Note: Annual averages may not total correctly due to rounding**

**Prepared by the Arizona Dept. of Economic Security, in cooperation with the U.S. Dept. of Labor, Bureau of Labor Statistics**

# Non-metropolitan Counties
# Labor Force and Employment
# July 1991

| | Apache | Cochise | Coconino | Gila | Graham | Greenlee |
|---|---|---|---|---|---|---|
| CIVILIAN LABOR FORCE* | 13,725 | 34,550 | 44,825 | 13,600 | 8,300 | 3,500 |
| Total Unemployment | 2,175 | 2,225 | 3,050 | 1,075 | 525 | 175 |
| Rate | 15.9% | 6.4% | 6.8% | 7.8% | 6.3% | 5.3% |
| Rate (Seas. Adj.)** | 10.8% | 6.1% | 5.8% | 7.8% | 5.9% | 5.2% |
| Total Employment | 11,550 | 32,325 | 41,775 | 12,525 | 7,775 | 3,325 |
| THE ABOVE LABOR FORCE STATISTICS SHOULD NOT BE USED FOR ECONOMIC ASSISTANCE PROGRAMS | | | | | | |
| TOTAL WAGE AND SALARY | 14,525 | 25,025 | 41,700 | 11,925 | 5,150 | 3,475 |
| Manufacturing | 550 | 1,000 | 3,500 | 1,475 | 225 | 25 |
| Mining & Quarrying | 25 | 100 | 75 | 1,375 | 0 | 1,950 |
| Construction | 425 | 975 | 1,675 | 675 | 150 | 375 |
| T.C.P.U. | 1,925 | 1,700 | 2,600 | 550 | 125 | 50 |
| Trade | 1,500 | 5,075 | 10,300 | 2,425 | 1,600 | 300 |
| F.I.R.E. | 500 | 650 | 875 | 300 | 125 | 25 |
| Services & Misc. | 5,275 | 5,025 | 11,675 | 2,450 | 850 | 175 |
| Government | 4,325 | 10,500 | 11,000 | 2,675 | 2,075 | 575 |

| | La Paz | Mohave | Navajo | Pinal | Santa Cruz | Yavapai | Yuma |
|---|---|---|---|---|---|---|---|
| CIVILIAN LABOR FORCE* | 5,500 | 39,250 | 26,425 | 37,850 | 11,275 | 42,500 | 46,850 |
| Total Unemployment | 425 | 2,250 | 3,250 | 2,900 | 1,600 | 1,925 | 11,675 |
| Rate | 7.6% | 5.7% | 12.3% | 7.7% | 14.2% | 4.5% | 24.9% |
| Rate (Seas. Adj.)** | 7.1% | 5.7% | 9.6% | 7.0% | 9.9% | 4.5% | 14.8% |
| Total Employment | 5,075 | 37,000 | 23,175 | 34,950 | 9,675 | 40,575 | 35,175 |
| THE ABOVE LABOR FORCE STATISTICS SHOULD NOT BE USED FOR ECONOMIC ASSISTANCE PROGRAMS | | | | | | | |
| TOTAL WAGE AND SALARY | 3,950 | 27,925 | 20,900 | 29,225 | 10,275 | 29,225 | 27,050 |
| Manufacturing | 275 | 2,525 | 2,075 | 3,425 | 850 | 2,500 | 2,075 |
| Mining & Quarrying | 75 | 50 | 1,250 | 4,075 | 25 | 1,025 | 50 |
| Construction | 300 | 2,675 | 825 | 625 | 275 | 2,450 | 1,350 |
| T.C.P.U. | 150 | 1,400 | 1,600 | 1,125 | 725 | 1,100 | 1,050 |
| Trade | 1,275 | 8,400 | 4,400 | 5,425 | 4,550 | 8,025 | 8,150 |
| F.I.R.E. | 100 | 1,425 | 475 | 775 | 275 | 1,025 | 1,000 |
| Services & Misc. | 925 | 7,225 | 5,625 | 4,975 | 1,800 | 7,475 | 6,025 |
| Government | 850 | 4,225 | 4,650 | 8,800 | 1,775 | 5,625 | 7,350 |

* Adjusted to the Current Population Survey (CPS) to reflect place of residence.

** Seasonal adjustment not applicable for economic assistance programs.

T.C.P.U. = Transportation, Communications, and Public Utilities

F.I.R.E. = Finance, Insurance, and Real Estate

Prepared in conjunction with the U.S. Department of Labor, Bureau of Labor Statistics.

## Estimated Hours and Earnings of Production Workers in Selected Industries Arizona

| INDUSTRY | AVERAGE WEEKLY EARNINGS | | | AVERAGE WEEKLY HOURS | | | AVERAGE HOURLY EARNINGS | | |
|---|---|---|---|---|---|---|---|---|---|
| | July* 1991 | June** 1991 | July 1990 | July* 1991 | June** 1991 | July 1990 | July* 1991 | June** 1991 | July 1990 |
| Manufacturing | $428.00 | $430.52 | $414.69 | 40.0 | 40.5 | 40.3 | $10.70 | $10.63 | $10.29 |
| Aircraft & Missiles | 665.85 | 657.30 | 662.16 | 45.7 | 45.3 | 46.5 | 14.57 | 14.51 | 14.24 |
| Food & Kindred Prod. | 343.60 | 344.37 | 358.70 | 37.8 | 39.0 | 39.9 | 9.09 | 8.63 | 8.99 |
| Primary Metals | 494.13 | 494.22 | 523.64 | 39.0 | 39.1 | 38.0 | 12.67 | 12.64 | 13.78 |
| Machinery | 428.49 | 429.71 | 351.22 | 40.5 | 40.5 | 36.7 | 10.58 | 10.61 | 9.57 |
| Copper Mining | 648.61 | 649.00 | 571.56 | 42.7 | 44.0 | 43.3 | 15.19 | 14.75 | 13.20 |
| Construction | 452.90 | 447.12 | 460.75 | 37.9 | 37.7 | 38.3 | 11.95 | 11.86 | 12.03 |
| Utilities | 761.24 | 761.24 | 699.20 | 43.4 | 44.7 | 43.7 | 17.54 | 17.03 | 16.00 |
| Retail Trade** | 273.13 | 274.03 | 264.47 | 32.4 | 32.7 | 33.1 | 8.43 | 8.38 | 7.99 |
| Wholesale Trade | 409.96 | 409.34 | 390.78 | 38.1 | 38.4 | 39.0 | 10.76 | 10.66 | 10.02 |

## Estimated Hours and Earnings of Production Workers in Selected Industries Maricopa County

| INDUSTRY | AVERAGE WEEKLY EARNINGS | | | AVERAGE WEEKLY HOURS | | | AVERAGE HOURLY EARNINGS | | |
|---|---|---|---|---|---|---|---|---|---|
| | July* 1991 | June** 1991 | July 1990 | July* 1991 | June** 1991 | July 1990 | July* 1991 | June** 1991 | July 1990 |
| Manufacturing | $454.40 | $455.54 | $446.84 | 40.9 | 41.3 | 41.8 | $11.11 | $11.03 | $10.69 |
| Construction | 478.75 | 473.86 | 469.68 | 38.3 | 38.0 | 38.0 | 12.50 | 12.47 | 12.36 |
| Retail Trade** | 283.47 | 287.05 | 273.08 | 33.0 | 33.3 | 33.1 | 8.59 | 8.62 | 8.25 |
| Wholesale Trade | 430.87 | 431.20 | 398.87 | 38.3 | 38.5 | 37.7 | 11.25 | 11.20 | 10.58 |

## Estimated Hours and Earnings of Production Workers in Selected Industries Pima County

| INDUSTRY | AVERAGE WEEKLY EARNINGS | | | AVERAGE WEEKLY HOURS | | | AVERAGE HOURLY EARNINGS | | |
|---|---|---|---|---|---|---|---|---|---|
| | July* 1991 | June** 1991 | July 1990 | July* 1991 | June** 1991 | July 1990 | July* 1991 | June** 1991 | July 1990 |
| Manufacturing | $409.86 | $413.10 | $356.75 | 39.6 | 40.5 | 37.2 | $10.35 | $10.20 | $9.59 |
| Construction | 386.34 | 382.89 | 387.55 | 36.9 | 36.5 | 36.7 | 10.47 | 10.49 | 10.56 |
| Utilities | 539.79 | 659.60 | 641.49 | 41.3 | 42.5 | 41.9 | 13.07 | 15.52 | 15.31 |

* Preliminary.

** Revised

*** Excludes eating and drinking places.

Note: These estimates are based on a sample of full- and part-time production and related employees whose payroll and hours are reported for the pay period which includes the 12th of the month.

Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

## Arizona Labor Force and Employment for Economic Assistance Programs July 1991

| County | Civilian Labor Force | Employment | Unemployment | Rate |
|---|---|---|---|---|
| Statewide | 1,716,745 | 1,622,539 | 94,206 | 5.5% |
| Apache | 13,744 | 11,558 | 2,186 | 15.9 |
| Cochise | 34,558 | 32,330 | 2,228 | 6.4 |
| Coconino | 44,830 | 41,775 | 3,055 | 6.8 |
| Gila | 13,579 | 12,515 | 1,064 | 7.8 |
| Graham | 8,293 | 7,771 | 522 | 6.3 |
| Greenlee | 3,512 | 3,325 | 187 | 5.3 |
| La Paz | 5,481 | 5,064 | 417 | 7.6 |
| Maricopa | 1,074,358 | 1,024,753 | 49,605 | 4.6 |
| Mohave | 39,248 | 36,998 | 2,250 | 5.7 |
| Navajo | 26,438 | 23,182 | 3,256 | 12.3 |
| Pima | 314,213 | 302,892 | 11,321 | 3.6 |
| Pinal | 37,842 | 34,938 | 2,904 | 7.7 |
| Santa Cruz | 11,280 | 9,679 | 1,601 | 14.2 |
| Yavapai | 42,519 | 40,587 | 1,932 | 4.5 |
| Yuma | 46,849 | 35,173 | 11,676 | 24.9 |

These figures are the only official BLS labor statistics to be used for revenue sharing purposes. They are not designed to be used as economic indicators.

NOTE: Series for Yuma and La Paz counties start January 1983. Data are not comparable to any past series.

# Key Indicators

*(Continued from page 2)*

various economic scenarios to produce employment projections for Arizona and its major substate regions. The model contains employment, unemployment, and population data, as well as national variables.

**Assumptions, Key Variables**

The major assumption underlying RA's updated forecast for 1991-92 is that the national recession ended sometime in the second quarter of 1991 and its lagging effects on the Arizona economy should be over by the end of the year.

The WEFA Group expects Real Gross National Product (GNP) to be 0.0 percent in 1991 (on an annualized basis), down from an earlier forecast of 1.8 percent, before picking up to 3.6 percent in 1992. The net effect is sluggish employment growth for Arizona the rest of 1991, but an improved job picture for 1992.

Other assumptions made by WEFA that are expected to impact the U.S. and Arizona economies include:

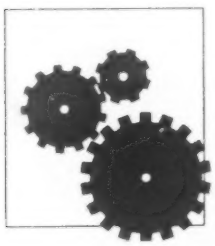
- a tight monetary policy that will continue to be geared toward a reduction of inflationary expectations. The Federal Reserve will unlikely ease monetary policy unless economic reports dampen the prospects for a continued recovery.
- continued declines in real defense spending over the next three years.
- a pickup in consumer spending — which has been slow to recover — in the later half of 1991 with increases in durable-goods purchases leading the recovery.
- relatively low mortgage interest rates, which will help increase new home sales and improve prospects for increased housing starts.
- lean inventories and rising sales, which will lead to increased industrial production and stronger labor markets.

*—DES, Research Administration*

## Apple Computer Considers Phoenix Area for Customer-Support Operation

*"New Developments" is featured each month as a service to our readers. This section is a compilation of public announcements and articles from newspapers and periodicals about events significant to Arizona labor markets. Due to space limitations, however, an exhaustive list of business news is not possible. In addition, the Arizona LMI Newsletter is not responsible for incorrect information reported by these sources.*

MANUFACTURING — **Apple Computer Inc.** is considering the Phoenix area for a **customer-service and accounting operation** that would initially **employ around 500 workers**, most of whom would be hired locally. Colorado Springs and Austin, Texas, are also high on the personal-computer manufacturer's list of potential sites. As an added bonus for the winning area, other Apple operations are expected to follow within a few years with a potential workforce of around 2,200. Pay for many of the jobs would range between $30,000 and $60,000. A final decision is expected in the near-term.



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A Chandler manufacturer of computer systems that enable the physically handicapped to operate personal computers is expected to **sign a $10 million deal with the Swedish government** that could lead to **employment of about 100 workers**. **Safko International Inc.** says it will need skilled and unskilled individuals, including accountants, marketing professionals, and technical workers to manufacture and market its product. Safko, which has its marketing and administrative headquarters in Chandler, plans to move its manufacturing operation to the Valley from Washington state.

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A Tucson business that specializes in producing plant and rock replicas, **The Larson Co., is laying off nearly 30 workers**, primarily in its fabrication department, due to slack business and tight margins, the company says. Some of the affected workers may be placed in other jobs, but might have to work out of the state.

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The **Yuma Planning Commission** has **turned down a request** by Griffith Micro Science to extend for six months a permit to **build a medical-equipment sterilization plant** in the western Arizona community. The facility, which was expected to create about 40 jobs, had generated concern because it would use ethylene oxide, a gas which is thought to cause cancer. Griffith Micro Science can, however, apply for another permit.

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A newly formed manufacturer of electronic switches, key pads, and circuit-board assemblies, **Interface Data Systems of Phoenix**, expects to **hire 35 workers within the next year**. There are no details about the type of positions that will be available, but much of the production work will likely be done in Taiwan.

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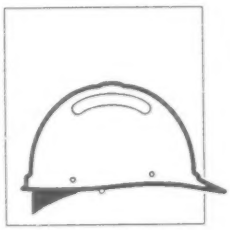
## NEW DEVELOPMENTS

**Laminaids**, a small California metal-fabrication company, is **moving its operation to Kingman**. The Mission Viejo firm — which expects to employ about seven people initially, but grow to between 15 and 25 workers — primarily shapes aluminum into finished products.

CONSTRUCTION — The **Yavapai County Board of Supervisors** recently **approved two major developments**, while the **Prescott City Council** has **given a tentative go-ahead to a large housing project**. The supervisors OK'd the Headwaters Ranch Country Club, a 444-acre residential community and golf course near Paulden, and the Muleshow Guest Ranch in Kirkland, which will feature 50 cottages, a chapel, stable, and saloon. Meanwhile, work will begin by the end of the year on Goldwater Ranch, a 500-acre development between Willow Creek Road and Highway 89A in Prescott, that will feature 1,000 housing plots and an 18-hole golf course. And finally, work is under way on the Depot Marketplace in downtown Prescott, a 150,000-square-foot retail shopping complex which will be anchored by Albertson's and Walgreen's stores.



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The building of a new **$10 million headquarters for the Muscular Dystrophy Association** (MDA) is expected to **create up to 300 jobs for 36 Arizona subcontractors and suppliers** (29 in the Tucson area) through June 1992. Work began earlier this year on the two-story, 70,000-square-foot structure, which will accommodate 150 MDA employees. Diversified Design and Construction Inc. is the general contractor. MDA moved to Tucson from New York City in January.

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Despite an 11 percent drop in traffic the first quarter of 1991, the **Tucson Airport Authority plans $16 million in construction projects** over the next 18 months. Projects include $3.7 million for repaving of the airport's main runway, $2.5 million for a freight terminal apron, and $1.6 million each for modification of Delta Airline's terminal and parking improvements.

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Ground was broken in mid-August for a **$10 million, 50,000-square-foot expansion of the Kingman Regional Medical Center**, along with remodeling of the existing 38,000-square-foot facility. Kitchell Contractors of Phoenix will serve as the major contractor for the project. The expansion portion includes the building of two separate wings housing a new emergency room, radiology and physical therapy departments, dining room, and 46 additional patient rooms.

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**Biltmore Fashion Park is undergoing a $30 million expansion** which includes a new, two-story 90,000-square-foot I. Magnin department store, 8,000 square feet of additional space, and a 900-space parking garage. Work is expected to be completed by October 1992.

Work is under way on the **560,000-square foot, first phase of the Pima Ranch Mercado, a shopping center at Pima Road and Shea Boulevard in Scottsdale**. Smith's Food & Drug Center will anchor the complex, expected to open in November. A K Mart and another major tenant will anchor the second phase of the project with work expected to begin in late 1991.

TRADE — **Montgomery Ward & Co. plans to open its fifth location in the Valley** in October — a 70,000-square-foot store in east Mesa, on Southern Avenue west of Power Road. Employment of about 150 is expected.

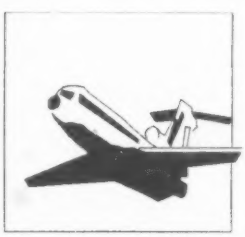
**Cajun Joe's Premium Chicken**, a national chain in 34 states, has **opened its second location in the Phoenix metro area**, at 35th Avenue and Thunderbird Road, and plans to open two other Valley stores in the near future, at 19th Avenue and Indian School Road, and Hayden and McDowell roads.

**Sears, Roebuck and Co. recently opened its first Homelife store** in the Phoenix area, Dobson Plaza in Mesa, and has two others under construction — at Talavai Towne Centre in Glendale and at the Scottsdale Pavilions. Homelife stores specialize in the sale of furniture.

**Phar-Mor Drug Co.**, which recently leased 65,000 square feet in the East Valley Mall, Arizona Avenue and Warner Road, plans over the next three years to open far more locations in the Valley, five to be exact.

**Foodarama**, an IGA-affiliated grocery store, has opened in Pinetop-Lakeside and is expected to employ 20 workers when it gets up to speed.

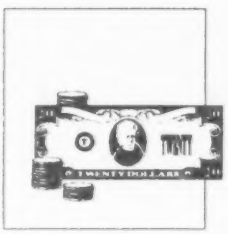
TRANSPORTATION, COMMUNICATIONS AND PUBLIC UTILITIES — **Contel plans to lay off about half of its current workforce of 160 in Show Low by early 1993** to cut expenses and eliminate duplication of work, the company says. Contel merged with General Telephone about six months ago, and nationwide $1 billion is expected to be saved through elimination of jobs.



**GTE Health Systems**, which offers information systems and services for the health-care industry, is **consolidating operations from three out-of-state divisions in Phoenix**. GTE Health Systems, a subsidiary of GTE Information Services, has leased 45,000 square feet from the Koll Center near Interstate 17 and Dunlap Avenue. No information is available about employment.

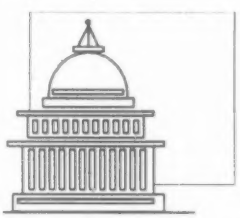
Phoenix-based **America West Airlines now expects to lay off as many as 1,500 workers nationwide**, or 10 percent of its workforce, a higher figure than earlier media accounts of about 500. Cuts are expected across the board with customer-service representatives probably being hit the hardest. Specifically how many employees in Arizona will be let go has not been made public. In addition, America West as of mid-August had lined up $55 million in loans from a creditor and Northwest Airlines and had signed a marketing agreement with Northwest, which would allow the two airlines to mesh part of their schedules. America West filed for Chapter 11 bankruptcy protection in late June.

FINANCE, INSURANCE AND REAL ESTATE — In mid-August, **BankAmerica Corp. of San Francisco and Security Pacific Corp. of Los Angeles announced plans to merge**, which would make their combined banking operations the largest in the state with assets of nearly $12 billion. Although BankAmerica Corp. says it still plans to bring its credit-card operations to Arizona, and with it 1,200 jobs (see *Arizona LMI Newsletter*, April 1991), the fate of about 700 workers at Security Pacific's credit-card facility in Phoenix is unknown. Also, a sizable number of branches are expected to be closed upon approval of the merger by federal officials and stockholders. In related news, BankAmerica in early August purchased Valley Bank of Nevada, parent company of Caliber Bank of Arizona, which has several branches in the Phoenix area and assets of $233 million.



When Southwest Savings was taken over by Security Pacific Bank in July — ending a succession of Arizona S&L takeovers — it appeared the worst of the state's savings and loan problems had been subdued. But then more bad news surfaced. In early August, the **Office of Thrift Supervision took over San Diego-based Great American Bank**, which has 56 of its 81 branches in Maricopa and Pima counties.

GOVERNMENT — Due to defense-spending cutbacks, around **400 federal civilian positions** at three operations **at Fort Huachuca are expected to be eliminated**, although 148 of the jobs are currently vacant. The U.S. Army's Intelligence Center, its Information Systems Command, and the garrison at Fort Huachuca — which currently employ about 2,300 civilians — will be affected by the cuts and cost the local area nearly $13 million in annual payroll.



Supervisor Greg Lunn has **proposed cutting 1,000 Pima County jobs over the next five years**. The cuts would be in addition to 185 positions eliminated this year. Lunn says his county's government is "bloated" and that the same amount of work could be done with 200 fewer people a year. The supervisor also proposes to increase wages to those who remain, which he says would improve morale and productivity. Pima County currently employs about

## Bush Signs Bill to Extend U.I. Benefits, Holds Off Triggering Immediate Payments

*Following are brief stories relating to labor issues affecting the nation and Arizona.*

In mid-August, President Bush signed into law a $5.8 billion measure that allows individuals to receive unemployment benefits beyond six months, but failed to enact an emergency clause that is necessary to immediately trigger the payment of extended benefits.

An improving economy and not wanting to break the federal budget agreement were cited as reasons the President did not sign the emergency clause. Members of Congress opposing Bush's stance, however, say the recession is not ending and that it would take a good deal of time before the unemployment rate declines even after the economy picks up.

Under previous law, benefits could be extended for 13 weeks, beyond the normal limit of 26 weeks, when the unemployment rate for workers who are covered by unemployment insurance reaches 6 percent, or 5 percent when the level of the insured jobless exceeded by one-fifth the average level of the insured unemployed in that state over the last two years. However, the unemployment rate among those covered by U.I. insurance — about one half of the workforce — is much lower than the total unemployment rate. As a result, only Alaska, Maine, Rhode Island, and Puerto Rico are currently paying extended benefits.

Under the new law, *total unemployment*, not insured unemployment, becomes the yardstick for determining if a state could offer extended benefits. If the emergency clause is enacted, states with an 8 percent average total unemployment rate the last six months could give an additional 20 weeks of benefits; states with 7 percent unemployment for the same period could give an extra 13 weeks; states with 6 percent unemployment could give an additional seven weeks; and in all other states, four extra weeks of benefits could be paid out. Arizona would currently fall under the last scenario with an average unemployment rate of about 5.0 percent for 1991.

### NEWS IN BRIEF

The bill, which covers the period of Sept. 1, 1991, through July 4, 1992, would draw money for extended benefits from an $8 billion unemployment insurance (U.I.) trust fund. Also, a permanent part of the law is that it makes members leaving the armed services eligible for 26 weeks of U.I. benefits, instead of 13 weeks, and allows them to start collecting U.I. benefits one week after leaving the service, instead of four weeks.

**Survey: 'Glass Ceiling' Still Major Problem**

A Department of Labor (DOL) report issued in early August pointed out that nine Fortune 500 companies were discriminating, intentionally or unintentionally, against women and minorities in their hiring practices for middle- and upper-level management positions. The DOL report was based on a survey of nine major employers, with workforces from 8,000 to 300,000, that receive federal contracts.

The survey, performed by Korn-Ferry International and the University of California at Los Angeles, showed that women represented 37 percent and minorities 16 percent of the surveyed companies' employment, but only 7 percent and 3 percent, respectively, of the executive-level managers. Factors contributing to the imbalance were: word-of-mouth instead of formal methods of recruiting; inability of women and minorities to participate in management-training programs; and little involvement by top managers in pushing for advancement of women and minorities.

At a news conference where the report was released, Labor Secretary Lynn Martin announced a four-part program to break-up the "glass ceiling," which includes: additional reviews like the pilot study of the nine companies; an educational program for Labor Department officials on the glass-ceiling issue; a public-awareness program to encourage companies to make voluntary improvements; and an award program to recognize companies that encourage equal opportunity. Martin, however, said she didn't want the Labor Department to "act as a personnel director who dictates from a distance who should be hired, fired or promoted."

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5,300 workers.

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The **Pinetop-Lakeside Town Council** recently **authorized $500,000 to develop the infrastructure for a 103-acre business park** that town officials hope will lead to hundreds of jobs in a variety of industries. Businesses the park will try to attract include manufacturers, storage companies, government agencies, professional services, and executive offices.

MISCELLANEOUS — *The Arizona Daily Star* recently published a **list of Tucson's top 15 minority-owned businesses**. The list does not include women-owned businesses. **Heading the top 15 is Canchola Foods**, which owns several McDonald's restaurants and has 365 full-time-equivalent (FTE) positions. Following in second through fifth positions, respectively, are: W.G. Valenzuela Drywall Inc., 200 FTEs; HSL Properties, 125; Ruiz Masonry & Building Supply, 101; and La Suprema Mexican Food Products Inc., 100. Mayo Construction, which employed nearly 100 FTEs last year, fell out of the top 15 after filing for Chapter 11 bankruptcy protection earlier this year.

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